178 borderline, changed at least four times; two world wars were fought in the country and masses of refugees were displaced; two revolutions shook the society; and three foreign occupations occurred -- the last one still in force. Such changes could generate nothing but instability of the population.

181 The culture of Hungary today seems to be no longer of a purely agricultural but rather of a mixed type of economy in which agriculture is still predominant. It is an intention of the present regime to swing the emphasis from agriculture to industry, but the success of this endeavor depends a great deal on how much economic co-operation the Hungarian regime will receive from the countries it now depends upon from the point of view of raw materials, especially the Soviet Union.

565 181 Peasant society, like the rest of the population, is unstable. The motives dominating the Magyar peasant are complex and it is difficult to affirm that any of them clearly dominates the other. The economic motives are strong and an important cause of social unrest roots still in the fact that the poor peasants, of whom many work in the kolkhozy, cannot be assured of even a passable living standard in spite of certain relatively small financial favors the regime extends to them, while utterly exploiting the richer peasants. Most scholars interested in Magyar culture agree, however, that economic motives do not suffice to explain the Magyar peasantry which,

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unlike the peasantry of Western Europe, is not only an economic status but a way of life. Among the economic motives which help determine the attitude of the Magyars may be listed also the peasants' widespread resistance to the power which stripped them of their old manner of living and their economic independence, however meager it was, and forced them into the collective farms where they receive wages in the form of crop shares which they consider debasing.

One could generalize that the Magyar peasant society is unstable but hostilely united — at least potentially -- against their present government.

To sum up different opinions on Hungary, the Magyars are believed to 181 be conservative, individualistic, romantic, easily aroused to enthusiasm, gallant, possessing a high degree of sensibilité, amenable to advice by kind words, politically oligarchic and aggressive.

The Magyar peasants are reported not to be exempt from what are believed 181 565 to be general peasant qualities: dourness, hardness and suspicion. However, they seem to differ from their likes in other countries insofar as they are reported to be prouder, less docile, more generous, less thrifty and less hard working than the Middle European peasants as a whole: their social life seems to be narrower for they are no "joiners" and care little, unlike their German counterparts, for associations, clubs or authority. Their social life

181 565 is intensive in depth, but it is limited mostly to the family circle, taken here in the broader sense.

181 208 In their approach to national problems, the Hungarians seem to be predominantly romantic, irrational, and thus easily influenced by the right kind of propaganda. Any policy which employs a slogan easily adaptable to the conservative and retrospective frame of mind of the Hungarian peasant has hope for success, and once a slogan of this kind catches on, compromise on the part of the public is not to be feared. Two world wars have shown that the Hungarians, once convinced theirs is a righteous mission, will fight to the end even when their cause seems hopeless. The present regime does everything possible to take advantage of this tenacity. Beginning with statements about the early communistic tribal organization of the primitive Magyars, Communist propaganda tries hard to make a chain of all the facts of Hungarian history which can be interpreted as pointing to the present regime as the "fulfillment of a glorious past." It would seem, however, that the facts of history are too well known and their memories of their treatment as a conquered people are too fresh for them to be too swayed by Communist propaganda.

Annex "A," Subparagraph 1f, Sociological Background

SOCIAL STRUCTURE

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Before World War II, the social structure of the rural regions of Hungary--largely based on wealth--varied topographically but, within the same region, it was well differentiated. At the bottom of the social scale were the laborers (földmunkások, cselédek, zsellérek) and the peasants who owned land in quantities too small to support themselves (törpebirtokosok, 'midget landholders'). These two categories constituted one-third of the entire population. Next were the small landholders (kisbirtokosok, kisgazdák) who made their living entirely from the small farms they owned. The medium landholders (középbirtokosok) and the big landowners (nagybirtokosok) employed agricultural laborers and peasants with very small holdings to labor their estates. Land acreage corresponding to these social strata varied widely from region to region according to the quality of the soil, but everywhere the cleavage between these groups was apparent in every phase of social life.

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With the arrival of Communism in the villages, the situation has changed rapidly. The 1945 land reform movement had set a maximum limit of 200 acres, below which no property was affected. This limit

saved, for avowed political reasons, part of the medium landholders' land from distribution. In 1948, when the collectivization of peasant properties became a chief governmental aim, the "class-struggle" in the villages was re-worded in such a manner that not only the remaining independently operating medium-holders were branded as kulaks and, as such, enemies of the people but, with them, every small-holder, beneficiary or not of the 1945 distribution, who opposed for political reasons the collectivization drive. The independent medium- and small-holders have been subjected to additional levies and discriminatory quotas of grain-delivery on the part of the regime, the result of which has been a decreased revenue from the larger independent farms and, in turn, a trend toward the elimination of economic differences between the peasants.

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Since 1948, the collectivization drive has been pursued by the government with fluctuating vigor, different "courses" followed one another, and often contradictory figures blurred by propaganda or simple wishful thinking were published. In very rough lines, the present (1955) economico-social structure of the average Magyar village might be described as follows (see table at end of this Subparagraph)[1] A minority (some 6 per cent of the peasants are kulaks with holdings between 25-50 cadastral acres.

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[1] [See cat. 116, p. 64 -- Analyst]

between 25-50 cadastral acres. These rich farmers--rich, of course, according to Magyar standards only--are struggling against extreme economic pressure on the part of the government, but their often superior skill, their stubborn clinging to the land and their own way of life, and, to a certain extent, their business talent and their everyday work routine still keep them in the black and on the top of the rural social pyramid. The kulaks, the aristocracy among the peasants, are keenly class conscious. Bastions of the peasant way of life, they are instinctively contemptuous of the poorer peasants; they are proud of their resistance and survival "in spite of all," and sometimes even defiant toward local governmental authorities. Among their many surnames one of the most current before World War II was kékbelűek 'the ones in blue' for the dark blue broadcloth suits which they wore. Recently the more derisive zsírosparasztok 'fat peasant' seems to have gained ground, favored by official propaganda. 565

Next to the kulaks can be mentioned about one-third of the farmers who are independent operators with middle-sized (around 10 acres) holdings; the rest either own farms which are too small to support them and/or work on kolkhozes and sovkhozes which comprise about one-third of Hungary's arable land (sovkhozes 13 per cent, kolkhozes 20 per cent. 565 423 [474]

per cent.

565 The difference in wealth among these three principal strata still [582] has its repercussions on social attitudes. Daughters of well-to-do peasants seldom marry small-holders' sons, and even more seldom those who work for wages or shares as do the workers in the collectivized [608] agricultural system. Nor does the choice of godparents--so influential among the Magyars--transgress these class limits.

Factors other than wealth contribute also, although to a lesser extent, to social differentiation. Professionally, the more settled farmers look down upon the few remaining herdsmen and their roving way of life. Even among the herdsmen themselves there are different castes: the cattlemen are the most respected, less the horse herders and least the shepherds and swineherds. Religion is no longer a differentiating factor, although it can be observed that in a few communities people of the same confession still tend to live in the same section of the town.

609 There are also regional differences; each village has its own tradition and peculiar customs; its inhabitants tend to be suspicious of villagers from other regions. In many a town, admission ceremonies are observed at which newcomers are thrown into or doused with water,

Since then, anti-Semitism must have lost ground somewhat; as 563
time goes by, more and more gentiles have become more deeply involved in the "people's democracy," and the Communist regime, with its huge system of public information, practically ignores the Jewish problem.

There are two forces which blur the lines of class structure: 565
one is the Magyar peasant's religious way of thinking as opposed to the materialistic propaganda of the government; the second is ~~their~~ his political opposition to Communism. Moreover, the government's economic policies, if ruthlessly enforced, will, after all, impoverish the independently operating farmers. All this amounts to a levelling process in the Hungarian peasant society which will thus become--if no other factors concur--unitedly hostile to the Communist government--a phenomenon which could also be compared to the disappearance of class distinctions during a serious national emergency.

The Magyar towns and villages have their pariahs: deportees and other outcasts of the present regime, but these people live on the margin of rural society and are too fluctuating to be properly analyzed here. In like manner, there is a favored caste at the upper end of the scale: the aktatáskások 'the ones with the brief cases,' crop collectors, Communist agitators, organizers, and the staff of the

565 kolkhozes and tractor stations. The background of most of them is unfamiliar, however, to the community and they cannot be considered as part of the Magyar peasant social structure.

SOURCE

000 Prinz, Gyula, et al.
[1936-38] Magyar föld-Magyar faj. [Magyar Land-Magyar Race.] 4 vols. Budapest: Magyar Királyi Egyetemi Nyomda.

524 562 Among the many children's games, the girls prefer group games, singing and dancing. They also play with dolls. Boys often play alone with crude toys such as corncobs or plants which imitate weapons or agricultural implements.

178 There is little to say about how certain customs might influence, favorably or unfavorably, the Magyars' acceptance of Western techniques. An industrial revolution imposed by the Communists is now taking place in the country, transforming ancient methods of production, mechanizing agriculture and making the population increasingly aware of the 000 importance of industrialization for the entire national economy. What the Hungarians may have to learn in the future are not the techniques themselves, but the ways of infusing these techniques with the spirit of free enterprise and democratic co-operation.

The problem of acceptance and assimilation of western political ideas is a more complex one and should be dealt with by historians and political analyists rather than by ethnographers. From 181 565 the point of view of the folklorist, however, one could venture to say that the attitude of the Magyars toward social problems--as vaguely perceptible in the folk tales--is a patriarchally democratic

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one, highly individualistic but, at the same time, respecting fair play. They would be alive to democracy based on Christian virtues and a liberal economy. Among the Magyars there has long been, on the other hand, an awareness of the necessity of struggle for independence and of warring against either Eastern or Western infiltration. This struggle is represented by many Hungarian historical characters, now subjects of legends and folk tradition which inspire the Magyar peasant with some mistrust of foreigners in general.

The Magyar peasants, like peasants in other countries are conservative and suspicious of change. This is why the present Communist regime in Hungary finds its greatest obstacle in the villages, and this attitude will have to be accounted for in any propaganda directed toward them. This, of course, does not mean that anything retrospective would appeal to them simply for conservativism's sake. For instance, they would obviously not care for the abolishment of the land reform of 1945 just because this would mean a return to a pre-war status; on the other hand, they would certainly appreciate the abolition of the present collective farming system.

Conservatism necessarily implies a respect for authority which is indeed present among the Magyar peasants, albeit not to the extent

181 565 that one would find it among their German counterparts. The authority has to be a traditionally established one, enjoying a high prestige, in order to win their respect.

554 The most effective stimulus motivating behavior seems to be prestige. Prestige, in turn, is largely based on wealth as well as 626 on age and experience and other minor factors. The sanctions inhibiting behavior are ostracism and legal punishments. Ostracism is a traditionally instituted and formally well-defined procedure in the village; there are numerous more or less rude methods and even ceremonies of ostracism (c.f. Szendrey, "Népi büntető szokások" in Ethnographia, XLVII, 65). Nowadays, ostracism and legal punishment exert their influences in opposite directions. The resources of Communist power are practically inexhaustible since this power rests on a totalitarian political system. Reports show, none the less, that ostracism is being successfully carried out against peasants collaborating with the local Communist authorities.

Annex "A," Subparagraph 2f, Political Background

SUBVERSIVE POTENTIALITIES

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In Hungary, which is still predominantly an agricultural country, public support of the government rests mainly with the rural masses. History has shown that revolutions and subversive activities have succeeded only with the support of the peasants.

The "peasant mutiny" of Dózsa in 1514 was the first insurrection in the history of the Hungarian state. The background of this movement was largely economic--the insurrection of have-nots against their exploiters--without much political consideration. The struggle against the ruling Hapsburgs, which began in the seventeenth century, won the support of large numbers of people from the villages. In 1671, a conspiracy of aristocrats lead by the nádor, Ferenc Wesselényi, lacked popular support and the Court of Vienna was able to put it down with no difficulty. In 1795, another conspiracy was initiated by intellectuals under the spell of the French Revolution. Unable to muster popular support, they failed also. In 1848, one of the most heroic episodes of Hungarian history took place. The "War for Freedom" was, at first sight, a war of independence against the Hapsburgs, but the social reforms including the franchise for the serfs, written on the

banner of this revolution enlisted the unanimous support of the toiling masses, and it took a Holy Alliance to quash this uprising. The bloodshed, poverty, and chaos resulting from the First World War were responsible for the short-lived Communist revolution in Hungary in 1919. The counter-revolution which followed had little difficulty stopping the Red revolution, for despite the Communists' liberal promises, the peasant masses did not support them. 669 565

After World War II, the development of political life in Hungary was entirely dependent upon the occupying Red Army and its agents, the Communist Party of Hungary. The present opposition of the Magyars to this type of totalitarian state can be more than readily detected from the defensive actions of the government itself. At the head of the discontents, we now find the peasants again, for while the leadership of the historic revolutionary movements were recruited among the nobility, the core was made up of peasants fighting for the abolition of serfdom and, later, for economic independence. The recently developed stratum of intellectuals, commonly called the middle class in Hungary, played little or no role in these movements. 565 642

The former upper class and lesser gentry have been completely dispersed by the Communists, part of their members taking cover in the 565 661

565 ranks of the State's bureaucratic machinery, while the majority are
661 now under strict police surveillance.

565 With respect to national consciousness, trustworthiness and
668 unshaken opposition to the hated regime which dispossessed them, these people can be counted on. Individually they are well educated; many of them speak several languages and have a broad knowledge of local, national, and international problems. Many of them have relatives and friends abroad. Although they could probably perform liaison activities well, any attempt to give them prominence in a subversive organization would be a mistake because, as a rule, they are regarded as pillars of social reaction and few of the peasants or laboring groups would particularly care for such leaders, fearing their deep-rooted conserva-
[208] tism and autocratic tendencies. Furthermore, Communist propaganda repeats ceaselessly that the only aim of the United States and other democratic governments is to re-establish the old autocratic or oligarchic system in Hungary and elsewhere.

Before the Communists seized power, the intelligentsia or the middle class provided Hungary with many outstanding personalities in different fields, especially education, science, art, business, and even politics. Under the Communists, the middle class underwent a basic

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change. Those who had been closely connected with the pre-Communist regimes were purged, while the rest have recently rejoined the ranks of the State bureaucracy as elder but silenced members. Besides these, recent years have produced a new group of State administrators who hate the other group, yet who still try to imitate their manners. This top group as a whole, the non-peasant and non-industrial-worker group, being so strangely heterogeneous and antagonistic one to another, their subversive potentiality as a unit is negligible. Individually, the older generation of intellectuals are more reliable, although they are a little class-conscious, submissive and opportunistic to some extent. They resent the social set-back which lowered them from their pre-war influential positions to the ranks of the "white-collar proletariat."

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The industrial workers, the most rapidly growing class in Hungary, are more homogeneous and united than the middle class. Except for the recent recruits in the factories, who constitute a rather strong minority, the majority of the industrial workers belonged to or sympathized with the pre-Communist free trade union organizations, and they are keenly class conscious and highly realistic as far as wages and living conditions versus the idealistic goals expounded by Communist

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propaganda are concerned. They do not fail to notice, either, that the primary cause of their exploitation is the economic subjugation of Hungary to Soviet Russia. The present government, although tending to favor them above any other social class, cannot assure them a decent living standard, and as long as this continues the work slow-downs, the sporadic work stoppages, and sabotage will not disappear. The subversive potentialities of the industrial workers are handicapped by the fact that among them, although in a minority, there are well-trained Communist agitators and hosts of informers whose work is facilitated by the concentration of industry in Hungary. By the same token, however, the workers are better organized and a revolutionary impetus perhaps could create among them an almost instantaneous response.

The peasants are the largest social group in Hungary, their culture is the most unique, and they are the most anti-Communist of any of the Hungarians. Even those peasants who have not suffered a direct financial loss from the Communist regime (landless agricultural workers, small peasants) are poles apart from the Communists by virtue of their individualistic tendencies and their religiousness. The settlement pattern of the peasants being very varied--from the lonely tanya to the "giant village"--they can be fitted easily into

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many kinds of subversive activity from mass uprisings to guerrilla warfare. The most reliable among them are the richer peasants, if for no other reason than the discrimination which the present government uses against them.

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The Christian churches by their very nature are opposed to the political practice of Bolshevism and are thus potentially subversive. From the purely ideological point of view, the Catholic Church is the most effectively anti-Communist by virtue of its own monolithic internal organization which virtually excludes any other spiritual allegiance than to the Church itself. Moreover, the Catholic Church is the only really nationwide organization in Hungary which can hardly be penetrated by Communist informers and agents because there is no elective principle among the clergy. The organization of the Church overflows the boundaries of social strata and could be powerful in coordinating subversive activities among groups otherwise socially isolated. Any serious attempt to overthrow the present government cannot dispense with Church backing.

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Allowing such subversive potentiality to the churches does not necessarily mean, however, that all the members of the clergy can be counted upon. Especially the more liberal Protestants have displayed

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

665 They defended themselves by saying:

642 1. They concluded this agreement with Bethlen's Government. That government might go, and then labour would be
423 free to act.

2. This was a tactical step to save the existence of the Party and the Trade Unions.

3. Even during the period of voluntary passivity, industrial labour could go on organising and educating its own masses.

4. The land-workers were a backward, uneducated mass.

We do not want to pass judgment. We know that the peasants are a conservative lot. We know that the landless land-workers are often called peasants, thereby confusing the industrial workers, who dislike peasants. But the fact remains that the Bethlen–Peyer agreement was one of the most important pillars supporting the camouflaged dictatorship of Hungarian feudalism.

423 Our lords had other tricks up their sleeve. They even pretended to carry out some land reform. This trick also worked. Horthy
565 created a new Hungarian knighthood, the so-called "Order of Heroes". Officially all those Hungarians who had fought exceedingly well in the war of 1914–18 could become "heroes". In fact, all the White Terrorist boys were knighted, all the members of Horthy's White Army, all the friends and servants of our lords. About fifty thousand other ranks received some land which had been taken away from "traitors" like Count Károlyi and his friends. In this way Bethlen could say to the Allies that he was carrying out land reform, and he also had a trustworthy defence guard for his régime.

The gentry were an important pillar of the Horthy–Bethlen rule. *The gentry are usually landowners in theory but not in practice.*
565 They wear a signet ring with the family emblem on it, and have the manners and customs of a country squire, a lot of dissatisfaction, an empty pocket and a great craving for a rich, elegant life. They are—or pretend to be—members of a noble landowning family which lost its estates because of "them". "They" vary quite a lot. "They" are the Jews, "they" are the progressives, "they" are those red skunks who brought in a law forcing the nobility to pay taxes.

We have already mentioned that Hungary had a decentralised
641 administration and that the counties—"the noble counties"—
641 had a lot of power. The gentry—the gentlemen—were the Civil Servants of the State or county. Trade or industry or any profession was naturally considered below the dignity of the gentry.

3:Kemeny G-5 (1945-48)195 EC1 Hungary EC1

maintained, but, as a result of reparations, the Government continued to be the greatest customer of industry. Hungary's economy, moreover, was directly affected by the growing influence of the Soviet Union, whose claim to take possession of all former German property in the country had been recognized at Potsdam. Owing to the decision taken at Potsdam, and the extremely arbitrary interpretation of the agreement by the Russian occupation authorities, Moscow obtained a foothold in Hungarian banking, insurance, Danubian navigation, and coal mining, as well as in numerous engineering, chemical, and textile enterprises. Her influence was further strengthened by an agreement to set up joint Russian-Hungarian companies. This was signed early in 1946, and, when subsequently implemented, secured to the Soviet Union a practical monopoly of air and river traffic and of aluminium production.

Private enterprise was naturally confronted with fundamentally changed political conditions. Up to 1945 the semi-feudal structure of society, with the great landlords in control and with industrial and financial interests exercising a strong influence on the course of economic policy, had not entirely vanished, though since the thirties, this influence had been undermined by the growing pressure of the demagogic petty-bourgeois supporters of fascism. As from 1945, however, with the old landowner class disappearing as an economic and political factor, there was a complete shift of the centre of gravity in politics.

Although in 1946–7 indications were not lacking as to whither the road might lead, it did not yet seem definitely decided that everything having affinity with the Western pattern of life was to be suppressed in Hungary. The country was governed by a coalition based on democratic elections. Communist influence was, of course, stronger than was justified by the numerical importance of the party, for the party enjoyed the support of the occupying Power. At the outset, however, the Communists were not altogether uncooperative. Only in the spring of 1947, when the first so-called conspiracy was discovered, did they reveal what methods they were ready to employ to reduce the role of their partners within the coalition to a sham.

Once the agrarian reform of 1945 was adopted, the Communist leaders gave repeated assurances that the private ownership of land would thenceforth be respected. The peasants spared no effort to produce maximum results, despite conditions unfavourable for regular farmwork. The industrialists also appeared ready to play their part in reconstruction, and were

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

wage agreements, which before the war were settled by voluntary understanding between employers and work-people, became compulsory. They had to be negotiated by the respective trade unions and the employers' associations, and were subject to approval by the authorities. Another feature of altered conditions was the establishment of workers' councils in the factories. Their task was to watch over working conditions and the execution of social-welfare measures within the factories. Also delegates of these councils were entitled to attend the meetings of boards of directors and to inspect books.

Of the working population scheduled under industry a high proportion was engaged in handicrafts. According to the census of 1941, small-scale industry comprised 11 per cent of the active working population out of 23·5 per cent for industry as a whole. At the same time manufactures (i.e. units with more than twenty employees) contributed about 29 per cent, and small-scale industry 11·5 per cent to the national income, as estimated by the Institute of Economic Research. After the war the relative importance of handicrafts and small-scale industry was declining. Demand for their quality products diminished. Moreover, their raw-material supplies were deficient; priority was given to the requirements of large-scale industry, and, in particular, of those branches producing capital goods.

An outstanding feature of post-war economic developments was the levelling of inequalities of incomes with a considerably diminished national income. This naturally was closely connected with changes in the social structure. Big incomes from the ownership of land disappeared, but so did most of those formerly derived from other forms of property. Deposits and other classes of money claims were wiped out by the inflation, and the values of interest-bearing securities melted away. As to house property, its ownership remained, but the yield was practically nationalized, as after taxation nothing was left out of the controlled rent. Thus the rentier class was eliminated. In the census of 1941 it figures together with the pensioners, and the share of this composite group of the total population was then slightly over 4 per cent. In an economy of scarcity relatively big incomes were still earned by industrialists and dealers by evading price control. Outside this limited circle the levelling of incomes affected all classes of society, including the workers. The margin between the wages of skilled and unskilled, which had been substantial in pre-war Hungary, was markedly narrowed.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

resided in every administrative district—about 200 by the end of the first Plan year.

The change in the position of the farmers can be fully appreciated only when the political atmosphere in the rural districts is realized. The edict of November 1947, in protection of the Three-year Plan against criminal offences, could naturally be applied equally to agriculture. In case of delay in some part of his work, or of any infringement of delivery orders, the farmer might be threatened with prosecution for economic sabotage. This possibility often became a reality as soon as the campaign which aimed at splitting the peasant population had been started. The November edict then proved to be a very effective weapon in fighting the *kulaks*, i.e. the wealthy peasants with a property exceeding 25 yokes. Holdings over that size were supposed to need hired labour, qualifying the owner as a class enemy. The farmers with a smaller property than 25 yokes were acknowledged as allies of the working class, not exploiting labour but themselves running their farms assisted only by members of their families.

THE UN-PLANNED SECTION

Small-scale Industries

The control exercised by the Planning Department did not extend to unincorporated concerns employing fewer than twenty workers. The share of the small units below this limit in the total output of manufactured goods was near 25 per cent. These units were not obliged to submit production plans. Investments carried out by them required approval only when exceeding the amount of 200,000 forint (£4,000). Consequently an appreciable part of industrial production and some part of total investment (in small-scale industry, agriculture, and trade) remained 'un-planned'.

Of raw-material supplies it was decided that certain quotas should be allotted to small-scale industry. These quotas were as a rule not adequate, allowing only a limited scope for the activities of handicrafts. Small manufacturers and handicraftsmen practically carried on their business under a controlled but not a planned economy. Yet controls were not efficient enough to regulate the activities closely. This applied in the first place to the prices they charged. The profits they earned, therefore, were often far above the officially approved rates. Consequently they were able to pay wages and raw-material prices in excess of the prescribed limits. Such evasions of the price control on raw materials were not extensive. The black market, though

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

CHAPTER VI

THE CHANGE IN ECONOMIC AND FINANCIAL STRUCTURE

INDUSTRY AND AGRICULTURE

471 WITH the change of the political climate in Eastern Europe, the policy in regard to the scope of nationalization underwent a definite change. In March 1948, shortly after the coup d'état in Czechoslovakia and the ensuing nationalization measures in that country, public ownership of all industrial enterprises in Hungary with more than 100 employees was announced. No preliminary discussions on a measure of such consequence had taken place. It was plotted by the Communists and presented to the public in a way that deprived the other parties—already politically undermined—of the possibility of offering any opposition. The law enacted in May 1948 on the nationalization of industry did not protect even small-scale industry against further encroachment. It vested the competent Ministry with arbitrary power to include any plant irrespective of size. Though the principle was established that compensation should be paid to the former owners, it was never intended to carry this principle into practice.

Thus when the first Plan year drew to its end, broadly 80 (and later 90) per cent of manufacturing industry in terms of man-power was nationalized. In the wholesale trade the change-over was completed within a short period. By 1949 nationalization had also made substantial progress in the retail trade.

And there was the sinister chapter of land collectivization. 661 The campaign was opened after the rupture between the ● 565 Cominform and Yugoslavia. In fighting 'rural capitalism' assi- 423 duous efforts were made to split the peasants into two camps, the *kulaks* or exploiters on the one side, and the 'working peasants' on the other. Owners of farms larger than those workable by one family were denounced as capitalists. In the course of the campaign this line of discrimination faded. Eventually it depended on the arbitrary decision of the local party committees whether a farmer ranked as a *kulak* or as a working peasant. The intention evidently was to outlaw the *kulaks* and to coerce 241 or entice the working peasants into the *kolkhoz* (the Russian type 423 of collectivized farming). Co-operatives merging the small hold- 474 ings according to that system into an economic unit enjoyed

As the final result of the work of categorizing,[1] there were two large groups, and some story-tellers who either fell outside these groups or rose above them. When the two groups were before me, listed by name, I noticed that the final dividing line between them was identical with the dividing line between the rich and the poor among them. 538 565

It is necessary that I give the local conception of these two terms. The rich - they call them (pógár), that is, 'citizen' - are those who live on their own property, not having to depend on working for others. The lower limit of the material foundations for such a status is a farm of seventeen to twenty acres. This class is fairly uniform, because a farm of over forty-three acres is a great rarity, and even if there is one of eighty-five acres in every fifth village, its owner cannot constitute his own society. 565 829 [423]

The other category is that of the "poor man." To this belong the field-guards, the laborers, the small-holders who have an acre or two, etc. Of course, within these broad limits there are many subdivisions, but it does seem that the most important dividing line is between those who live on their own substance and those who depend on working for others for their living. This is shown by the conscious distinction implied in the use of "citizen" and "poor man."

I have noticed that the demeanor of persons of identical spiritual structure differs according to whether one belongs among the "citizens" and the other among the "poor men." 538 [154]

In both of these groups there exist extreme types. Among the poor, it is the professional story-teller, whom I shall name, without meaning to cast any reflection, the 'minstrel type.' Among the rich, it is the 'gentleman anecdote-teller.'

I found a swineherd story-teller to be the prototype of the minstrel group. He was the only one of my story-tellers who was not even twenty years old. He had heard many stories and anecdotes, and he had learned to tell them. He already had the technique of a story-teller. The following occurence is very characteristic of his demeanor.

I always used to ask the story-teller where he had learned the story he had just told. Concerning one of them, he said that he had thought it up himself. He said this about a fairly well-known story, and within barely a week I noted two variations of the same story in two nearby villages.

Nevertheless, there is something in the story that did originate with him. He had probably heard the story a long time before, and

[1] [See p. 7, ent. 116 --Analyst]

538 with whom they probably had the most trouble.

Very close to this type is another story-teller, the wealthier old citizen. He told folk tales and anecdotes, but he told them in the coolest manner. He was very careful not to let himself drop into the role of the minstrel. He communicated, rather than related, the stories. In his cool demeanor, he went almost to the limit beyond which the interest of the stories would have suffered.

The intermediate types tend to approach each other. Poor men with more relaxed feelings, soft-voiced charming old men and women, young men aware of their own worth constitute this group among the poor people. Friendly men, good-humored women and self-assured young men constitute it among the rich people. But they are distinguished from each other by that calm feeling of security which exists in the rich, but is lacking in the poor.

[156] A very interesting new type[1] is the group of 'bohemians.'
[565] It is here that we can see most clearly the difference caused, despite identical personalities, by the social status. The bohemians among the poor take almost no account of the village morals [8] as they apply to them. Their demeanor in telling a story is not identical with that of the minstrels, but it is very close to it. Story-telling is a highly favored form of expression for their own free good-humor. They have no consideration for the possible desires of their audience.

The richer bohemians are noticeably restricted by the fact that they belong among the "citizens." They cannot overstep with impunity the bounds of the conduct of the "citizen." They exert their bohemian natures within certain petty bourgeois bounds. Their favored modes of expression are conversation and story-telling.

The following type is represented in both groups, but with different shadings. Using the name of a well-known character from Hungarian literature, I shall name them the 'János Háry type.' They have good a memory, and they know old things. But they immediately turn the conversation toward themselves, and relate adventures concerning themselves that are of the János Háry type.

The poor man must tell much bigger things of himself before he becomes interesting. And in attempting this, he does not even notice that he becomes ridiculous if he oversteps the bounds of probability by too much. He wants to maintain his reputation by constantly repeating his adventures, never noticing that people are laughing at him behind his back.

1 [of story-teller. For more data - see cat. 538, pp. 7-12--Analyst]

8: Schweng S-4, 5 (no date) 1951 EC1 Hungary EC1

185 X 511 433

calculated as necessary in the Social Democratic plan), the volume is reduced to 12.1 billions. Although still an appreciable improvement over 1946-47, this allowed a standard of living about 72 percent of prewar in the best case and conformed more with general everyday experience than the figure claimed.

A check on the 1949 figure is more difficult because the details of the calculation are not known. Working with the estimates of the blueprint, the volume of goods available for consumption appears to have been 18.9 billion forints at the utmost. Knocking off 5 percent for overestimating the national income and deducting 1.5 billion forints for the increase in inventories, which is still much lower than the amount given in the Social Democratic plan, the volume of goods becomes 16.1 billion forints. While 16 percent above the 1947-48 volume, this is slightly below prewar.[42]

However, the increase in the volume of goods relative to prewar is, by itself, misleading as an indicator of improvement in the general standard of living. Due to the great emphasis on heavy industry, a very much larger proportion of total output consisted of construction goods than had been the case before the war and had thus no immediate effect on the standard of living of the population. As there are reasons to believe that some of the construction goods were not construction goods in the ordinary sense, but were intended to increase the defensive powers of the country, their effect on the standard of living is even more questionable.

But even assuming that the character of output had not changed, any increase in the volume of goods available for consumption could still be felt as an appreciable improvement — provided it was more or less uniformly distributed — in comparison with the great misery of the first two postwar years. It is undeniable that the excessively large incomes of prewar Hungary had been eliminated and that the redistribution of the national income in itself enabled the authorities to improve the lot of some groups. But, at the same time, new inequalities were introduced, even if of a smaller order. It was officially stated that the number of new recruits in the administration was 20,000. If the party hierarchy is added, the figure becomes considerably greater. These people improved their standards considerably by changing their

185 X 511 565

42. According to preliminary calculation of the National Planning Office at the end of 1948, it was 17.2 billion forints; their estimate of the increase in inventories in 1949 was 0.9 billion forints. True consumption would thus appear to be 16.3 billion forints at January 1947 prices.

The principal figures are summarized in Table VII in the Appendix.

8: Schwenj S-4, 5 (no date) 1951 EC1 Hungary EC1

status: climbing into the administrative grade from that of the factory worker or the low clerical grade. There is a third, even more important group which enjoys a privileged position, the police force, which is very much better paid than the smaller police force of the prewar days. Apart from those privileged groups, the mass of the workers did not receive uniform treatment. The miners, however, enjoyed especially privileged treatment, while the shock workers of all trades comprised still another privileged group. To these must be added a large proportion of the new owners of subsistence farms, about half a million without dependents, who proved to be successful small farmers, and who now enjoy a higher standard of living than they did before the war. All these favoured groups add up to something like one seventh to one eighth of the gainfully employed population. The rest have to be content with what remains of the national production. When collectivization is achieved, the rise of the favoured groups will be considerably smaller.

The official claims of a great and general improvement in the standard of living appear somewhat suspicious in the light of the pronouncements themselves, which do not fail to pay tribute to the great and enduring effort and sacrifice of the people who made possible the execution of the Three Year Plan. If the general standard of living really doubled in two and a half years, surpassing the prewar standard by 37 percent in 1949, and the increase was accompanied, as asserted, by an improvement in general working conditions, enduring sacrifice would not have been necessary.

Appraisal

On the whole, the high rate of recovery characteristic of Hungary since the war was maintained under the Three Year Plan and the national income reached a level exceeding the prewar figure by about 10-20 percent. Industrial expansion in 1938-1944 provided increased potentialities and, in spite of war damage, activity in the first two postwar years provided a good start. But the achievements required very great efforts and sacrifice and were not accompanied by a similar increase in the volume of goods available for consumption.

The increase in production was more the result of the production drive than the investment program, the effects of which could not be immediately felt. In the production drive, incentives in the form of differential wage rates and social recognition were applied, together with an elaborate system of control

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

463 highly developed than that of a Western country. Moreover, Hungary has little carrying or transit trade, since the materials which pass acro[illegible] her territory between Germany and the Balkans require little transhipping or handling en route. Thus a much smaller proportion of the population is engaged in trade or banking than in England and the proportion occupied in providing pleasures or amenities is also small. The armed forces and the civil services, of course, have taken their share of
565 manpower. Outside the very small class of great land-
[434] owners, and an equally small group of big bankers and industrialists, few Hungarian families have been able to accumulate much money, and few Hungarians are able, or care, to save much during their working life. Thus the class, which is so numerous in England, of well-to-do families living on the capital accumulated by their forefathers, is
[651] almost entirely absent in Hungary. There were, indeed, a great number of pensioners after 1920, when the Government gave pensions to the civil servants evicted from the successor states. But what the Government could afford them was little enough. They are dying out, and their children are at work.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

CHAPTER IV

THE SOCIAL STRUCTURE OF THE COUNTRY

1. *The Countryside*

In spite of the industrialization of recent decades, the economic and social life of Hungary is still built up round its agriculture, and its most important problems are still those of its agricultural population. Those problems are also the most difficult; for whereas industry, when it began to develop in the nineteenth century, was able to make something of a clean start, agriculture was burdened with a heritage of medieval traditions and vested interests.

UNEQUAL DISTRIBUTION OF LAND. The agrarian population of Hungary still lives under conditions which differ, to their disadvantage, from those prevailing in most other countries. Its friends, who are few, call the system 'patriarchal', while its enemies, who are many both inside and outside Hungary, describe it as 'feudal'.

In the strict legal sense, the term feudal is inaccurate, since the inequality before the law and the restrictions of the personal liberty of the peasant, which existed in Hungary, as almost everywhere on the Continent, up to the nineteenth century, were abolished in 1848. If, however, the word is used in a broad sense, it is not an unfair description of rural conditions in Hungary, the most

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

423 striking feature of which is the unequal distribution
• 565 of the land. Nearly one-third of the whole area of the country consists of big estates and is in the hands of a small group of great landowners. The biggest of these, Prince Eszterházy, still owns something like 150,000 English acres, and estates of 20,000, 30,000 or 50,000 acres are not uncommon. Another quarter of the country is taken up by large and comfortable medium-sized farms, the houses, for the most part, of the 'lesser nobility' or 'gentry' as the Hungarians call them, corresponding to the 'squire' of the village, or else of yeoman farmers, usually of Swabian origin. Another quarter again is in the form of small farms whose occupants, the real peasants, are just able to get out of them a living for themselves and their families. The remaining sixth has been divided and sub-divided into a vast number of tiny holdings which are no longer able adequately to support their owners, who constitute the majority of the agricultural population. Below this class of 'dwarf-holder' there comes a great mass of population, the 'rural proletariat' which owns no land at all.

184 REGIONAL DIFFERENCES. These proportions of a
423 third, a quarter, a quarter and a sixth are not, in-
565 deed, uniform throughout the country. The stronghold of the big estates is West Hungary, where the 'feudal' system has been able to develop unchecked throughout the centuries. Here, too, the population was not reduced by the Turkish wars, and the sub-division of the peasant holdings was already going on in the seventeenth and eighteenth

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

centuries. In the Great Plain, which was largely resettled after the Turkish wars, the proportion of yeoman farmers is much higher, and in the south and south-east, where the landlord class was wiped out altogether in the wars and the country completely recolonized, most of the population consists of peasant free-holders. These are, however, very largely Germans, the descendants of colonists brought in by the Habsburg Emperors. It is a little-known but important fact that of all the nationalities in the old Hungary, it was the Magyars among whom the largest class of 'landless proletariat' was to be found. Thus, even if the landlords in the territories left to Hungary by the Treaty of Trianon had not successfully resisted the reforms carried through against their class in the areas assigned to Czechoslovakia, Rumania and Yugoslavia, conditions in the contracted kingdom would still have been particularly difficult. As they did resist any large-scale reform, those conditions have to-day reached a stage of acute crisis. A small measure of land distribution was indeed carried through in 1920, but on quite an inadequate scale.

PROPORTION OF LANDED TO LANDLESS. According to a census taken in 1935, four and a half million people in Hungary were then 'engaged in agriculture'. Of these, about one-third owned or leased enough land to support themselves and their families. These ranged from the great landowners, with their thousands or even tens of thousands of acres, through the small country gentlemen or prosperous yeoman farmers, down to the smallholders who could manage to make ends meet.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

342 brick, earthen floors and thatched roofs make them
511 damp and unhealthy. The peasants eat very simply and the poorest among them, the seasonal labourers, are often literally half-starving during the months before harvest.

511 This can be paralleled in many other countries
464 of Central and Eastern Europe, for in most of those countries all standards are far below those obtaining in Britain. Indeed, owing to the fertility of the Hungarian soil, even the poorest classes there still live better than the inhabitants of many other districts, especially those of the barren, rocky parts of the Balkans. In fact, the whole of Eastern Europe suffers from the same root evil of overcrowding on the land. In the past hundred years the population has increased very rapidly. While in Western Europe, when the same increase took place, the new industries were able to absorb the workers for whom there was no room on the land, in Eastern Europe, where capital was scarce, industry developed more slowly, and could only give employment to a small proportion of the growing country population. Before the last war there was
[167] a very large emigration to America from all the East European countries, including Hungary, but for the past twenty years the United States have admitted few immigrants. This is perhaps the chief reason why the position has continued to grow worse, although the falling birth-rate and the rather faster development of industry have brought some relief.

565 **SOCIAL INFERIORITY OF THE PEASANTRY.** Where
423 the Hungarian small peasant or labourer is so

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

much worse off than his Czech or Serb opposite number is in his social and political position. He belongs to an inferior class and is treated as such, and the whole machinery of the state has from time immemorial been organized to keep him in that position. Thus the demand for a real and radical land reform, which will certainly have to be satisfied in the near future, springs perhaps almost as much from the social and political causes, as from economic. Land reform would, indeed, substantially improve the condition of a considerable part of the rural proletariat, provided that, as well as being given land, they were fitted out to make an adequate start as independent farmers. But it would still leave behind quite a large class for whom land would not be available. For these room would have to be found in the towns, or overseas. Nevertheless, land reform would introduce a new, democratic spirit into Hungarian life, and in this spirit the further problems might be more easily solved. It is thus the indispensable first step, which must be taken before the rest can follow.

This is not to say that all Hungarian landlords are bad. Many of them, especially those which belong to families which are old without being rich—the old 'gentry' families—live in their villages modestly enough (for the average Hungarian landlord is far from being a rich man), caring for their dependents kindly and faithfully, and liked and respected by them. The system has its good side, as well as its bad. But it is a system of which both the good and the bad sides are out of tune, equally with the democratic ideas of to-day, and with the collective principle of the Soviet system.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

365 It is clear that Hungary cannot emerge from the catastrophe of the present war without radical alterations of its country life.

368 365 **THE MOVEMENT FOR AGRARIAN REFORM.** There have, indeed, already been considerable changes in the last few years. Not only has the Government begun to take more interest in the villagers and farm labourers, but all Hungarian society has woken up to the fact that there was here a very neglected and miserable class, making up one-third of the whole population of the country. A group of young men went round the villages and described conditions, just as Charles Kingsley did for England a century ago, in a way which made everyone uneasy. The peasants and labourers themselves began to organize and to get into touch with other classes, particularly the socialists in the towns, and before March 1944, when the German occupation set everything back again, a strong political movement was growing up for land distribution, better conditions of work and more political freedom generally. The leaders of this movement were imprisoned by the Germans and their puppets; but, as soon as the latter were driven out, it was certain that the whole movement would spring up again and that no one would be able to stop it. In fact, the peasant leaders were prominent among the men who, as described below, set up a new government at Debreczen at Christmas 1944.

369 361 **THE LIFE OF THE VILLAGE.** Meanwhile, life in a Hungarian village is quiet enough. Where there is a 'big house', it is the centre of things, even for

THE OIL INDUSTRY IN THE HUNGARIAN ECONOMY

727 433 [434] only 186 were working at over 70 percent of prewar capacity, while 1,109, or over 25 percent, were completely out of operation. It is estimated that even in 1946/47 the national income was only 65 percent that of 1938 and less than 50 percent that of 1943, the peak war year. The Hungarian economy as a whole, and especially the industrial sector, heavily concentrated in Budapest, was among those most seriously damaged in Europe.

[458] The Soviet occupation, heavy reparations payments, general political uncertainty, and a runaway inflation in 1946 made the task of reconstruction even more difficult.

728 471 648 According to the Potsdam agreement all Axis property, even that which had been forcibly taken over by the Germans during the war was handed over to the Soviet Union. Subsequently, new Soviet-Hungarian companies began to mushroom in manufacturing as well as in transportation, and it was at this time that the Hungarian-Soviet Oil Company, Maszovol, was organized.

727 315 [471] While the Zala fields had escaped major war damage they suffered by the wasteful practices engaged in under pressure from German and later Soviet military authorities (see Table VII).* After prolonged negotiations the MAORT properties (all areas west of the Danube) were returned to the American owners in 1946.

727 178 471 A land reform and the nationalization of industries "with monopolistic character" such as steel and coal were swiftly carried out after the war.

[565] Land reform, nationalization without compensation, and the inflation of 1946 largely destroyed the propertied classes, and in the chaotic conditions a downward leveling also affected the skilled workers.

[642] 727 185 [665] By mid-1947 the communists within the coalition government had virtually eliminated any possibility for non-communist government plans, and for all practical economic purposes the communists were in control. Dictated by the realities of the prevailing postwar conditions, certain

* [Cf. page 88, category 116 -- Analyst]

camps and by supplying clothing and shoes to the needy members. As all young men are members it is the most wide-spread organization in the country both from a national defence and social welfare standpoint.

III. AGRARIAN SOCIAL POLICY.

In the first decade following the Treaty of Trianon social conditions in the rural districts deteriorated in consequence of the changed economic structure of the country, which was aggravated by the following conditions. The supply of labourers far exceeded the demands made by diversified farming, the apportionment of the land in certain districts was very unequal, the distribution of the rural population varied greatly and the ranks of the rural proletariat were enormously increased.

Fifty-two per cent. of the Hungarian population is engaged in farming. Two thirds of this number (3 million including their families), were farm labourers and small farmers who had to supplement their meagre incomes by working for wages on larger farms. The density of the rural population was 59 persons per square kilometre, twice as much as the density of the Danish and French rural population and decidedly more than that of Germany. It goes without saying that the density of the agrarian population in Eastern Europe is much less than in Hungary.

In a less accentuated form the agrarian problems of present-day Hungary are the same, since the re-occupation of former Hungarian territories hardly altered the situation. The land reforms carried out by the Succession

16:Hungary (no date) 1949 EC1 Hungary EC1

The armed forces of the great Soviet Uunion liberated our country from the yoke of the German fastists, crushed the power of the great landowners and capitalists who were ever hostile to the people, and opened the road of democratic progress to our working people. Having acceded to power in hard struggles fought against the masters and defenders of the old order, the Hungarian working class, in alliance with the working peasantry and with the generous assistance of the Soviet Union, rebuilt our war-ravaged country. Led by the experiences of the socialist revolution of 1919 and supported by the Soviet Union, our people began to lay down the foundations of socialism and now our country is advancing towards socialism along the road of a people's democracy. The already realized achievements of this struggle and this constructive work, the fundamental changes effected in the economic and social structure of our country, are embodied in the Constitution of the Hungarian People's Republic, which also indicates the direction of our further advance.

SECTION ONE

The Hungarian People's Republic

Article 1.

Hungary is a People's Republic.

Article 2.

1) The Hungarian People's Republic is a state of workers and working peasants.

2) In the Hungarian People's Republic all power belongs to the working people. The workers of town and country exercise their power through their elected representatives who are responsible and accountable to the people.

Article 3.

642 471 525 The Hungarian People's Republic defends the power and liberty of the Hungarian working people and the independence of the country; it opposes every form of the exploitation of man by man and organizes the forces of society for socialist construction. In the Hungarian People's Republic the close alliance of the workers and working peasantry is made a reality under the leadership of the working class.

SECTION TWO

The Social Structure.

Article 4.

642 471 1) In the Hungarian People's Republic the bulk of the means of production is owned, as public property, by the state, by public bodies or by co-operative organisations. Means of production may also be privately owned.

642 471 525 2) In the Hungarian People's Republic the force directing the national economy is the state power of the people. The working people gradually dislodge the capitalist elements and consistently build up a socialist system of economy.

Article 5.

642 471 The economic life of the Hungarian People's Republic is determined by a state national-economic plan. Basing itself on the publicly owned enterprises, the state banking system and the agricultural machine stations, the state directs and controls the national economy with the object of expanding the forces of production, increasing the national wealth, raising to an ever higher level the material and cultural standards of the working people and strengthening the defences of the country.

Article 6.

The land, its mineral resources, the forests, the waters, the natural sources of power, the mines, the large industrial enterprises, the means of communication such as railways, road, water and air transports, the banks, the postal, telegraph and telephone services, the wireless, the state-sponsored agricultural enterprises

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2) Parliament exercises all the rights deriving from the sovereignty of the people and determines the organization, direction and conditions of government.

3) In accordance with this its competence Parliament:

a) creates legislation,

b) determines the state budget,

c) decides the national economic plan,

d) elects the Presidential Council of the People's Republic,

e) elects the Council of Ministers,

f) sets up and abolishes ministries and defines and changes the sphere of activity of the several ministries,

g) decides upon declaring war and concluding peace,

h) exercises the prerogative of amnesty.

Article 11.

1) Parliament is elected for a term of four years.

2) Members of Parliament may not be arrested or prosecuted without the consent of Parliament, except when taken in the act

[565]

3) All political, economic or other activity or conduct detrimental to the interests of the workers is incompatible with the quality of a Member of Parliament.

Article 12.

1) Parliament meets in regular session not less than twice a year.

2) Parliament must be convened at the written demand of one-third of its members or if the Presidential Council of the People's Republic so decides.

3) Parliament elects a speaker, two deputy speakers and six recorders from among its own members.

4) The sessions of Parliament are convened by the Presidential Council of the People's Republic.

5) Parliament lays down its own rules of procedure and agenda.

Article 13.

As a general rule, the sessions of Parliament are held in public. In exceptional cases Parliament may decide to hold a secret session.

Article 14.

1) The right of legislation is vested in Parliament.

2) Legislation can be initiated by the Presidential Council of the People's Republic, by the Council of Ministers and by any member of Parliament.

20: Gyorgy S-4 (no date)1947 EC1 Hungary EC1

coalition government after the elections. Their unity was also characterized by the fact that discussions about the formation of the coalition Government began on the day of the elections."[11] This somewhat prematurely formed government was under the titular leadership of Zoltán Tildy of the majority Smallholders Party, but in reality the reins of power were tightly controlled by two new political leaders. Through a flexible "general staff" arrangement which permitted them to become Deputy Prime Ministers without portfolio, Arpàd Szakasits of the Social Democratic and Màtyás Rákosi of the Communist Party have wielded the decisive balance of power in the cabinet ever since the formally correct but politically meaningless national elections of November, 1945. The power relationships did not alter noticeably when Zoltán Tildy was elected president of the new Republic and his post was taken by Ferenc Nagy, former President of the National Assembly and a colorless and conservative member of the same Smallholders Party.[12]

The weakness of native liberal peasant movements is another disturbing element in the post-war situation. Obviously, neither in Hungary nor in the surrounding Danubian countries is the majority of the peasantry adequately represented by the parties of either Left or Right; in fact, it has no more political representation today than it had under various pre-war regimes. Between the two World Wars only one liberal Hungarian peasant group, the Independent Small Farmers Party, had moments of political influence under the effective leadership of Gaszton Gál. Even this movement was doomed by the semi-feudal and aggressive rule of successive governments and the small land-holders who should have actually formed the political backbone of the country

11 Cf. Istcan Száva, *New Hungarian Domestic Policy* (Budapest, 1946), pp. 34-35. (Published in English). The author of this official account also gives a complete and significant summary of the principal objectives of Hungary's first "popularly elected" post-war government. These involved the following problems: to guarantee the food supplies, to break down the prices and inflation, to nationalize the mines and key-industries, to guarantee order and public security, and *to overcome the reaction*. In the light of the recent conspiracy and the seemingly wholesale liquidation of all "reaction," this early war-objective of the Government is certainly noteworthy.

12 According to official Hungarian interpretation, "The change in the person of the Premier did not affect the composition of the government; there were also minor changes in the cabinet without affecting the principles upon which the coalition was based." I. Száva, *New Hungarian Domestic Policy*, p. 35. Despite several sharp political reversals, Ferenc Nagy is still Prime Minister in the present coalition government.

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665 were gradually reduced to the role of an impoverished and underemployed proletariat.[13]

Most of the left-wing peasant leaders who survived the years of Nazi terror have now joined forces with the Social Democrats and the Communists. When the first post-liberation government was formed in Debrecen in 1944 the young and intellectually alert group of "village explorers" combined in a promising new National Peasant Party. Although the Communists encouraged this group, the results of the national elections in 1945 did not justify early hopes. Revolutionary minded peasants voted for the Communists while the vast majority of village and farm voters chose the more conservative Smallholders. Thus the Peasant Party has been given mere ceremonial recognition in the coalition government; it has only one member in the Cabinet, a small and subdued group of twenty-three representatives in the National Assembly.

What is the nature and political program of the Smallholders Party? Founded in 1930 as an opposition group to Horthy's "semi-parliamentarian" regime, this party has always relied on the support of certain broad segments of the population, such as a conservative agrarian class and the more liberal urban intellectuals. In its present composition the group is primarily a bourgeois and middle-class bloc cemented together by the obvious reluctance of its members to accept the ideas, men or slogans of either the extreme Left or the extreme Right. Hungary's Smallholders Party represents, on the whole, the conservative-democratic interests of the country. It has achieved temporary success because of its decidedly mixed membership which ranges in its elements from "progressivism" to "reaction." To retain an internal political balance it firmly believes in tolerance and consistently preaches moderation. Aptly stated in the words of its present leader, Premier Ferenc Nagy: "The Smallholders are not interested in attacking anybody but if com-

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13 The present Smallholders Party has never represented the economically submerged or depressed elements of the peasantry. If it did speak for the agricultural classes at all (a doubtful premise in itself), it upheld primarily the interests of the "kulak" group. Not unlike other Danubian peasant groups it was run by typical townsmen, such as Tibor Eckhardt or Ferenc Nagy. Cf. "Danubian Peasant Parties," *The Economist*, Jan. 11, 1947, pp. 54-55.

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pelled to fight, they will defend themselves fully and will participate in the struggle, hoping to promote the cause of peace."[14]

The Social Democratic Party originally assumed the role of bridging the gap between Left and Right, thus helping to stabilize and unify the divergent elements of political leadership. Nothing could be more vital for the future of Hungary, particularly in domestic politics, than the maintenance of a strong center, progressive but not violent, popular without being extremist. The Socialist members of the coalition cabinet have in the beginning ably performed the role of economic and political mediation. They held the portfolios of Justice, Industry and Commerce, in an attempt to balance well-entrenched Communist power, manifested in the key-posts of the Ministries of the Interior, Popular Welfare and Communications.[15]

Recently, however, a significant shift of political positions occurred upsetting the precarious equilibrium of domestic politics. The Thirty-Fifth Official Congress of the Social Democratic Party, meeting in Budapest in February 1947, ended with a widely publicized and spectacular victory of its extreme left-wing leaders over the more conservative right-wing members who seemed to have been completely discredited. This bitter discord within the party was the climax of a long process of disagreement with an ever widening area of political misunderstanding and intolerance. The final outcome of the Social Democratic Congress was the dramatic decision of the present Party leadership to liquidate its moderate members and to integrate its activities with those of the Communist Party. For all practical purposes the Social Democratic Party thus ceased to exist independently and has entered the uncertain path of cooperation with the Communists.[16]

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14 Cf. *Hungarian Information Service*, published by the Hungarian Legation, Washington, D. C., issue of Mar. 4, 1947, pp. 3-4. These desperate and embittered words were uttered in the course of the liquidation of the recent "reactionary" conspiracy. The conspiracy-scare finally led to a purge of the Smallholders Party and to a full-fledged domestic political crises.

15 The Smallholders have managed to retain several important portfolios, such as the Ministries of Foreign Affairs, Finance, War and Propaganda.

16 Cf. *Népszava*, official daily paper of the Social Democratic Party, especially in issues of Feb. 1-8, 1947, front-page accounts of the exact progress of the Party Congress. Cf. *The Manchester Guardian*, (Feb. 7, 1947, p. 4.) in a cautious but informative editorial which clearly raises the fundamental issue, "The question that remains is how far the Social Democratic Party, as at present led and constituted, can continue to exist independently . . . and yet in cooperation with the Communists." The more recent behavior of certain Social Democratic leaders has dispelled all doubt concerning the outcome of this political dilemma.

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425 A drastic land reform was undoubtedly the most significant step
491 toward the economic reconstruction of Hungary. This reform was carried out during the period of political truce which characterized the first few months of coalition rule. An executive decree was issued in March 1945 aimed at the confiscation of all lands owned by individuals of a pro-National Socialist record, and at the expropriation of all estates larger than two hundred acres. Farm lands exceeding this size were seized in their entirety without official compensation. Former owners could keep their land only if they were farmers themselves, if they fought against the Nazis or in recognition of special service in the national resistance movement. Farm animals and all forms of agricultural equipment were taken with the estate; land obtained in this manner was divided among small landowners and landless peasants. It was also stated that newly created estates may not exceed one hundred acres.[38]

The objective of this decree was obviously a thoroughgoing redistribution of landed property, a governmental effort "to realize through the abolishment of large estates the old dreams of the Hungarian Peasant, handing over to him his due share of the soil."[39] As the pre-war semi-feudal social structure showed many signs of crumbling, this post-war reform was timely indeed. It compares in some respects favorably with the limited agrarian reform of 1920 which, forced through a reluctant Parliament by István Szabó's early Smallholders Party, left large and medium-sized estates amounting to well over
525 fifty-percent of the land. There were close to three million landless
423 peasants and "dwarf land-holders" who depended for a livelihood mainly on casual labor and payments in kind. The large number of agricultural workers with no definite or fixed employment kept wages low and living conditions almost insufferable. The vast reserve of agricultural manpower contributed both to the unsteadiness of employment and to widespread social discontent; this agrarian problem led

38 This governmental decree was subsequently confirmed by Parliament and included in Law IX of 1946, officially published in May, 1946 as the Land Settlements and Conclusion of the Land Reform Act. The Act also states that "the land of persons who fled to Germany after October 15, 1944, and did not return therefrom by October 31, 1945, will without exception be confiscated." (par. 17.) For further details on economic policies and administrative procedures, Cf. "Chiffres Sur le Ravage et la Résurrection de la Hongrie," *Cahiers de la Nouvelle Hongrie*, Budapest, 1946, p. 17 *et seq.* In English language, cf. László Faragó, "Private Property and Nationalization," *New Hungary*, Dec. 20, 1946, Vol. I No. 7, p. 3.

39 Cf. The Preamble to the decree and the ensuing Act which states that "the system of latifundia will be destroyed in its foundations by the reform of landed property." Law IX–1946.

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to political maladjustments and eventually to the rise and success of extremist political movements.

Set against this unhappy social background the land reform gains added significance. The redistribution of land involved about seven million acres and some 525,000 persons benefitted from it. A few exceptional land owners were allowed to keep as much as 400 acres, but on the whole, the large feudal estates so characteristic of the country disappeared in a few months.[40] But there is also a negative aspect. Although the land reform succeeded in breaking the power of feudal latifundia, it did not solve all of Hungary's agricultural problems. The new beneficiaries are directly responsible for a considerable decrease in national production for many of them have been in desperate need of agricultural equipment and implements. The machine industry could not supply this equipment as it has suffered more severely than any other major industry of the country. It will certainly be long before agriculture recovers and in the meantime, a full-fledged reconstruction of national industry is the principal post-war problem, as well as the key to recovery.

The three year plan officially announced in January 1947 is centered around the overall objective of restoring industry to the 1938 level of production. This comprehensive plan was prepared by special experts of the Social Democratic and Communist Parties with the cooperation of two ex-Hungarian professors of economics, the Communist expert Jenō Varga of Moscow and Nicholas Káldor of London. Administrative details of this national plan closely parallel the Czech, Polish and Yugoslav projects, which propose to reach the economic levels of the last peace-time year by intensive national effort of two to five years of agricultural and industrial reconstruction. Two features are prominent in the Hungarian three year plan; the forced nationalization of mines and industry, and the establishment of new labor unions as a means of broadening the workers' participation in the country's economic life.

40 The land reform measure itself was hastily drawn up and carried out, yet it was the only way to induce peasants to undertake any cultivation in 1945. Consequently by 1946 over 90% of the agricultural land was sown. Cf. "Prospects for Agriculture, Danubian Outlook," *The Economist*, Jan. 4, 1947, pp. 6-7. The land reform was at least as much of a political and social measure as an economic move. As such it had a number of further implications; "a radical change as this cannot be carried out without jolts and jerks. Only after all available lands have been distributed will it be possible to appraise the economic and social consequences." R. Vambery, *Hungary—To Be or Not To Be*, pp. 177-178. For an official English language account cf. "Land Reforms and Reconstruction," Istvan Szava, *New Hungarian Domestic Policy*, pp. 29-32.

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dating the old feudal system by progressive means, something on which almost everyone was agreed.[8] 665

Once the Communist Party secures control, continued Revai, it cannot and does not share that control with any other party, class or group. He explicitly named the "working peasantry" among the outsiders. True, the Party platform states that "Today in Hungary the working class and its ally the working peasantry are in power." But the dictatorship of the proletariat, as defined by Lenin and Stalin, means that power "is undivided in the hands of the proletariat and that the working class does not share its power with other classes." (He passed over in silence the fact that Lenin and Stalin had defined it, when opportunism so dictated, as an alliance of the proletariat with the poor and middle peasantry.) And he added specifically: "Therefore it does not share its power with the peasantry." The Party platform dealt with these matters "only in a disguised form" because various basic questions, including "the Socialist development of agriculture, its collectivization," cannot always be talked about "by their real name." Similarly, though persons who call themselves Smallholders and Peasants are still in the government, this is only a convenient formality. "*In fact*, Comrades, it is the working class which is alone in power, *in fact*, it is our Party alone which runs the state machine." 665 565

The reason it is so absolutely necessary that the peasantry be excluded from power, Revai explained, is that "even its working part" is "halfheartedly for private property and halfheartedly for the coöperatives." It "vacillates," and must be led, educated and assisted. Obviously it would be foolish to let the very elements which

[8] This part of the speech must be read with particular chagrin by ex-Premier Ferenc Nagy, whose Smallholders Party won a decisive majority of votes in the Hungarian elections of November 4, 1945. In compliance with a preëlection promise made under pressure of the Soviet Government and its troops of occupation, Nagy then formed a coalition government in which Communists as well as Socialists and National Peasant representatives were included. The Communists received, among other portfolios, that of the key Ministry of the Interior. The former American Minister to Hungary, H. F. Arthur Schoenfeld, has written (*Foreign Affairs*, New York, April 1948) that Nagy yielded on this point "only by peremptory Soviet orders." He might have done better to face a showdown then, for in May 1947 he was ousted by the Communists and their stool-pigeon deserters from the other parties, after a series of arrests of leading members of those parties. He decided not to return from a vacation in Switzerland to face arrest also.

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665 vacillate participate in the work of indoctrination: "that is why
565 power cannot be divided with the peasantry."

Revai's conclusion is that "the power in possession of the working class must, in the interest of the shaping of Socialism, the oppressing of class enemies and the defense against imperialism be still much more decidedly and severely exercised than it has been up to now. 'Dictatorship' also means the exercising of force in oppressing enemies." [4] He said he recognized that force is not the only weapon. This, however, "does not mean at all that the functions of oppression and violence also appertaining to the dictatorship of the proletariat should be overlooked as secondary." The appropriate organs of the state should be unified and made ready for periods when "the chief function of the dictatorship of the proletariat will consist of using force against enemies from within and without."

665 Our summary of all this can be brief. The Hungarian Communist Party relies on the Soviet Union for guidance and on the Soviet Army for support. It never coöperated with non-Communist progressive parties in good faith but only for tactical advantage. A People's Democracy is a dictatorship of the proletariat, and though not now in precisely the Soviet form it will steadily draw closer to it. A pressing task is collectivization of the land, by force if necessary. The peasants may coöperate with the workers, but the workers, represented solely by the Hungarian Workers' Party (Communist), will not share their leadership and power. Opponents will be liquidated by force.

665 The intellectual climate having been prepared, the next step was
661 to bring home to each member of the Hungarian Communist Party that he personally faced not a theory but "a really practical problem." This was achieved for the rank-and-file by ousting about 200,000 persons from membership and the privilege of belonging to the ruling minority. For Party leaders the lesson would be more terrifyingly "practical." It would take the form of a laboratory demonstration on the living body of one of their number. The choice fell on Laszlo Rajk.

[4] Earlier in the speech Revai had assured his hearers that they need have no fear that resort to force may provoke civil war. The power of the Soviet Union ensures against this; and in Hungary, specifically, the Soviet Army is "always here" to "support us."